

TOWNSHIP OF GREEN
Alpena County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. [V1.07]

Unit Name* GREEN	County* ALPENA	Type* TOWNSHIP	MuniCode* 04-1-020
Opinion Date-Use Calendar* 9-16-08	Audit Submitted-Use Calendar* 9-22-08	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
	19. If so, was it attached to the audit report?

General Fund Revenue:	? \$ 259,692.70
General Fund Expenditure:	? \$ 404,536.36
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$ 160,183.00
Governmental Activities Long-Term Debt (see instructions):	? \$ 168,661.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* MARK	Last Name* CAMPBELL	Ten Digit License Number* 1101007803		
CPA Street Address* 512 N. LINCOLN, STE 100	City* BAY CITY	State* MI	Zip Code* 48708	Telephone* +1 (989) 894-1040
CPA Firm Name* CAMPBELL, KUSTERER	Unit's Street Address* 2650 CALCUT ROAD	Unit's City* LACHINE	Unit's Zip* 49753	

TOWNSHIP OF GREEN
Alpena County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balance	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	10
Notes to Financial Statements	11-16
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	17
Other Supporting Information:	
General Fund Expenditures by Detailed Account	18-19
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	20
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	21

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

September 16, 2008

To the Township Board
Township of Green
Alpena County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Green, Alpena County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Green's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Green, Alpena County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GREEN
Alpena County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Green covers the Township's financial performance during the fiscal year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Capital assets increased by \$226,476.00.

Overall revenues were \$259,692.70 from governmental activities with a \$34,807.01 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary Comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These include the General Fund.

TOWNSHIP OF GREEN
Alpena County, Michigan

CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	<u>Total Governmental Activities 2008</u>
Current Assets	160 183
Capital Assets	<u>491 541</u>
Total Assets	<u>651 724</u>
Current Liabilities	-
Non-current Liabilities	<u>168 661</u>
Total Liabilities	<u>168 661</u>
Net Assets:	
Invested in Capital Assets	322 880
Unrestricted	<u>160 183</u>
Total Net Assets	<u><u>483 063</u></u>

	<u>Total Governmental Activities 2008</u>
Program Revenues:	
Fees and Charges for Services	41 601
General Revenues:	
Property Taxes	107 638
State Revenue Sharing	87 714
Interest	1 294
Miscellaneous	<u>21 446</u>
Total Revenues	<u>259 693</u>
Program Expenses:	
	14 075
General Government	77 339
Public Safety	114 957
Public Works	<u>18 515</u>
Total Expenses	<u>224 886</u>
Increase in Net Assets	34 807
Net Assets, April 1	<u>448 256</u>
Net Assets, March 31	<u><u>483 063</u></u>

TOWNSHIP OF GREEN
Alpena County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board may also create them. Funds are established to account for funding and spending of specific financial resources and show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant is fire protection which incurred expenses of \$44,377.91.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$226,476.00 in capital assets.

The Township's governmental activities obtained \$168,661.00 in loan proceeds.

The Township's governmental activities paid \$0 in principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report, please contact the Township at M-65 S/M-32, Lachine, Michigan 49753.

TOWNSHIP OF GREEN
Alpena County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	148 361 99
Cash in bank	<u>11 821 01</u>
Total Current Assets	<u>160 183 00</u>
NON-CURRENT ASSETS:	
Capital Assets	691 487 63
Less: Accumulated Depreciation	<u>(199 946 97)</u>
Total Non-current Assets	<u>491 540 66</u>
TOTAL ASSETS	<u><u>651 723 66</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES:	
Contract payable	<u>168 661 00</u>
Total Non-current Liabilities	<u>168 661 00</u>
TOTAL LIABILITIES	<u>168 661 00</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	322 879 66
Unrestricted	<u>160 183 00</u>
Total Net Assets	<u>483 062 66</u>
LIABILITIES AND NET ASSETS	<u><u>651 723 66</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	14 075 39	-	(14 075 39)
General government	77 338 49	21 242 13	(56 096 36)
Public safety	114 957 35	20 359 05	(94 598 30)
Public works	<u>18 514 46</u>	<u>-</u>	<u>(18 514 46)</u>
Total Governmental Activities	<u>224 885 69</u>	<u>41 601 18</u>	<u>(183 284 51)</u>
General Revenues:			
Property taxes			107 637 68
State revenue sharing			87 714 34
Interest			1 293 76
Miscellaneous			<u>21 445 74</u>
Total General Revenues			<u>218 091 52</u>
Change in net assets			34 807 01
Net assets, beginning of year			<u>448 255 65</u>
Net Assets, End of Year			<u>483 062 66</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>
<u>Assets</u>	
Cash in bank	89 883 85
Taxes receivable	11 821 01
Due from other funds	<u>58 478 14</u>
Total Assets	<u><u>160 183 00</u></u>
<u>Liabilities and Fund Equity</u>	
Liabilities	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	<u>160 183 00</u>
Total fund equity	<u><u>160 183 00</u></u>
Total Liabilities and Fund Equity	<u><u>160 183 00</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCE – GOVERNMENTAL FUND	160 183 00
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	691 487 63
Accumulated depreciation	(199 946 97)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Contract payable	<u>(168 661 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>483 062 66</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
Year ended March 31, 2008

	<u>General</u>
Revenues:	
Property taxes	107 637 68
Licenses and permits	15 359 05
Charges for services – PTAF	20 282 13
Charges for services – other	5 960 00
State revenue sharing	87 714 34
Interest	1 293 76
Miscellaneous	<u>21 445 74</u>
Total revenues	<u>259 692 70</u>
Expenditures:	
Legislative:	
Township Board	14 075 39
General government:	
Supervisor	5 280 00
Elections	3 356 70
Assessor	14 163 00
Clerk	9 012 87
Board of Review	1 410 96
Treasurer	18 539 04
Building and grounds	13 553 69
Cemetery	5 096 00
Public safety:	
Fire protection	44 377 91
Planning and zoning	14 092 99
Liquor law enforcement	1 466 30
Inspections	15 121 05
Public works:	
Highways and streets	18 514 46
Capital outlay	<u>226 476 00</u>
Total expenditures	<u>404 536 36</u>
Excess (deficiency) of revenues over expenditures	<u>(144 843 66)</u>
Other financing sources (uses);	
Loan proceeds	<u>168 661 00</u>
Total other financing sources (uses)	<u>168 661 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	23 817 34
Fund balance, April 1	<u>136 365 66</u>
Fund Balance, March 31	<u><u>160 183 00</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCE – TOTAL GOVERNMENTAL FUND 23 817 34

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(46 825 33)
Capital Outlay	226 476 00

Receipt of debt proceeds is a financing source in the governmental funds, the receipt
does not have an effect in the statement of activities but does increase the debt
balance in the statement of net assets

Loan proceeds	(168 661 00)
---------------	--------------

Repayment of debt principal is an expenditure in the governmental funds, the repayment
does not have an effect in the statement of activities but does reduce the debt balance
in the statement of net assets.

Principal payments on long-term debt	<u>-</u>
--------------------------------------	----------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>34 807 01</u></u>
---	-------------------------

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Green, Alpena County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Green. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2007 tax roll millage rate was 2.1282 mills, and the taxable value was \$50,634,862.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	25-30 years
Furniture and equipment	2-15 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>148 361 99</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	152 553 74
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>152 553 74</u>

The Township of Green did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
Land	125 250 00	6 370 00	-	131 620 00
Buildings	190 746 00	-	-	190 746 00
Equipment	149 015 63	220 106 00	-	369 121 63
Total	465 011 63	226 476 00	-	691 487 63
Accumulated Depreciation	(153 121 64)	(46 825 33)	-	(199 946 97)
Net Capital Assets	311 889 99	179 650 67	-	491 540 66

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering substantially all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2008, was \$2,455.00.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

For the fiscal year ended March 31, 2008, building permit revenues were \$15,359.05 and building permit expenses were \$15,121.05.

TOWNSHIP OF GREEN
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>58 478 14</u>	Current Tax Collection	<u>58 478 14</u>

Note 10 – Budget Variances

For the fiscal year ended March 31, 2008, the Township exceeded budgeted amounts as follows:

<u>Fund/Activity</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Budget Variance</u>
General: Capital outlay	140 800 43	226 476 00	85 675 57

Note 11 – Changes in Long-Term Debt

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
Contract payable	<u>-</u>	<u>168 661 00</u>	<u>-</u>	<u>168 661 00</u>

Note 12 – Contract Payable

On September 17, 2007, the Township obtained a \$168,661.00 loan to partially fund the purchase of a fire vehicle. The loan is repayable in four annual installments of \$47,376.99, including interest, as follows:

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
9-17-08	\$ 39 230 66	\$ 8 146 33	\$ 47 376 99
9-17-09	41 125 50	6 251 49	47 376 99
9-17-10	43 111 87	4 265 12	47 376 99
9-17-11	<u>45 192 97</u>	<u>2 184 02</u>	<u>47 376 99</u>
Total	<u>\$ 168 661 00</u>	<u>\$ 20 846 96</u>	<u>\$ 189 507 96</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	99 000 00	99 000 00	107 637 68	8 637 68
Licenses and permits	14 500 00	14 500 00	15 359 05	859 05
Charges for services – PTAF	19 000 00	19 000 00	20 282 13	1 282 13
Charges for services – other	7 200 00	7 200 00	5 960 00	(1 240 00)
State revenue sharing	84 700 00	84 700 00	87 714 34	3 014 34
Interest	300 00	300 00	1 293 76	993 76
Miscellaneous	8 900 00	8 900 00	21 445 74	12 545 74
Total revenues	233 600 00	233 600 00	259 692 70	26 092 70
Expenditures:				
Legislative:				
Township Board	16 000 00	16 000 00	14 075 39	(1 924 61)
General government:				
Supervisor	6 550 00	6 550 00	5 280 00	(1 270 00)
Elections	3 785 00	3 785 00	3 356 70	(428 30)
Assessor	16 000 00	16 000 00	14 163 00	(1 837 00)
Clerk	9 750 00	9 750 00	9 012 87	(737 13)
Board of Review	1 650 00	1 650 00	1 410 96	(239 04)
Treasurer	19 700 00	19 700 00	18 539 04	(1 160 96)
Building and grounds	21 500 00	21 500 00	13 553 69	(7 946 31)
Cemetery	6 550 00	6 550 00	5 096 00	(1 454 00)
Public safety:				
Fire protection	58 275 00	58 275 00	44 377 91	(13 897 09)
Planning and zoning	18 700 00	18 700 00	14 092 99	(4 607 01)
Liquor law enforcement	1 500 00	1 500 00	1 466 30	(33 70)
Inspections	14 150 00	15 150 00	15 121 05	(28 95)
Public works:				
Highways and streets	22 000 00	22 000 00	18 514 46	(3 485 54)
Other:				
Contingency	-	-	-	-
Capital outlay	141 800 43	141 800 43	226 476 00	85 675 57
Total expenditures	357 910 43	357 910 43	404 536 36	46 625 93
Excess (deficiency) of revenues over expenditures	(124 310 43)	(124 310 43)	(144 843 66)	(20 533 23)
Other financing sources (uses):				
Loan proceeds	-	-	168 661 00	168 661 00
Total other financing sources (uses)	-	-	168 661 00	168 661 00
Excess (deficiency) of revenues and other sources over expenditures and other uses	(124 310 43)	(124 310 43)	23 817 34	148 127 77
Fund balance, April 1	124 310 43	124 310 43	136 365 66	12 055 23
Fund Balance, March 31	-	-	160 183 00	160 183 00

TOWNSHIP OF GREEN
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Salaries and wages	2 360 00
Payroll taxes	1 810 34
Retirement	2 455 00
Legal	297 50
Insurance	143 00
Printing and publishing	394 28
Dues	2 033 61
Miscellaneous	4 581 66
	<u>14 075 39</u>
Supervisor:	
Salary	5 280 00
Elections:	
Wages	2 857 00
Supplies	366 79
Miscellaneous	132 91
	<u>3 356 70</u>
Assessor:	
Contracted services	12 800 00
Supplies	1 163 00
Miscellaneous	200 00
	<u>14 163 00</u>
Clerk:	
Salary	7 640 00
Rent	1 000 00
Supplies	350 56
Mileage	22 31
	<u>9 012 87</u>
Board of Review:	
Wages	900 00
Supplies	120 33
Miscellaneous	390 63
	<u>1 410 96</u>
Treasurer:	
Salary	8 645 00
Deputy wages	780 23
Rent	1 000 00
Supplies	6 381 40
Mileage	698 33
Miscellaneous	1 034 08
	<u>18 539 04</u>
Building and grounds:	
Wages	2 260 95
Supplies	966 77
Contracted services	1 195 00
Insurance	318 00
Repairs and maintenance	4 298 67
Utilities	4 514 30
	<u>13 553 69</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Cemetery:	
Wages	400 00
Insurance	13 00
Repairs and maintenance	4 490 00
Utilities	193 00
	<u>5 096 00</u>
Fire protection:	
Contracted services	2 720 00
Insurance	11 057 00
Repairs and maintenance	8 706 90
Utilities	5 988 30
Mileage	94 09
Supplies	12 119 16
Training	1 087 00
Miscellaneous	2 605 46
	<u>44 377 91</u>
Planning and zoning:	
Zoning administrator	3 700 00
Wages	2 730 00
Supplies	6 763 83
Miscellaneous	899 16
	<u>14 092 99</u>
Liquor law enforcement:	
Wages	1 466 30
	<u>1 466 30</u>
Inspections:	
Wages	15 121 05
	<u>15 121 05</u>
Highways and streets:	
Repairs and maintenance	18 514 46
	<u>18 514 46</u>
Capital outlay	226 476 00
	<u>226 476 00</u>
Total Expenditures	<u>404 536 36</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in Bank	<u>39 504 63</u>	<u>1 491 361 21</u>	<u>1 472 387 70</u>	<u>58 478 14</u>
<u>Liabilities</u>				
Due to other funds	39 504 63	116 167 92	97 194 41	58 478 14
Due to other units	<u>-</u>	<u>1 375 193 29</u>	<u>1 375 193 29</u>	<u>-</u>
Total Liabilities	<u>39 504 63</u>	<u>1 491 361 21</u>	<u>1 472 387 70</u>	<u>58 478 14</u>

TOWNSHIP OF GREEN
Alpena County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSMENTS
Year ended March 31, 2008

Cash in bank – beginning of year	<u>39 504 63</u>
Receipts:	
Taxes	1 476 712 78
Administration fees	<u>14 648 43</u>
Total receipts	<u>1 491 361 21</u>
Total beginning balance and cash receipts	<u>1 530 865 84</u>
Disbursements:	
Township General Fund	97 194 41
Alpena Public Schools	391 219 70
Hillman Schools	132 418 02
Educational Service District	99 988 65
Alpena Community College	87 153 51
Alpena County	660 567 38
Refunds	<u>3 846 03</u>
Total disbursements	<u>1 472 387 70</u>
Cash In Bank – End of Year	<u><u>58 478 14</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

September 16, 2008

To the Township Board
Township of Green
Alpena County, Michigan

We have audited the financial statements of the Township of Green for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Green in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Green
Alpena County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants